

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENTS TO THE DEMAND-SIDE)	
MANAGEMENT COST RECOVERY MECHANISMS)	CASE NO.
OF LOUISVILLE GAS AND ELECTRIC COMPANY)	2002-00418
AND KENTUCKY UTILITIES COMPANY)	

O R D E R

On November 22, 2002, Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU) filed proposed changes to the Demand-Side Management (DSM) cost recovery, revenues from lost sales, and incentive sub-parts of their Demand-Side Management Cost Recovery Component (DSMRC) tariffs. The proposed adjustments reflect LG&E s and KU s DSM program budgets and projected sales levels for calendar year 2003 and incorporates the resulting changes into the calculation of customers bills on a going-forward basis. The proposed changes will be applicable to LG&E s gas and electric rates and KU s electric rates for service for the 12-month period beginning January 1, 2003.

The changes proposed for LG&E s gas service rates result in decreased rates to customers served under Residential Rate RGS or Residential Summer Air Conditioning Rider and increased rates to customers served under Commercial Rate CGS, Rate G-6, Rate G-7, Rate TS, Rate FT, and its Commercial Summer Air Conditioning Rider. The changes proposed for LG&E s electric rates result in increased rates to customers served under its Residential Rate R, General Service Rate GS, Large Commercial Rate LC, and Large Commercial Time-of-Day Rate LC-TOD. The changes proposed for

KU's rates result in increased rates to customers served under Residential Rates RS and FERS, General Service Rate GS and Light and Power Rate LP.

LG&E and KU filed their revised tariffs with an effective date of January 1, 2003. Based on a review of the revised DSMRC tariffs and supporting schedules that show the calculation of the cost recovery, revenues from lost sales, and incentive sub-parts thereof, the Commission finds that the proposed rate changes are reasonable and should be approved for service rendered on and after January 1, 2003.

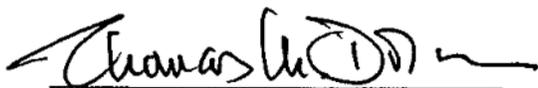
IT IS THEREFORE ORDERED that:

1. LG&E's and KU's proposed changes to their DSMRC tariffs are approved effective for service rendered on and after January 1, 2003.
2. Within 20 days of the date of this Order, LG&E and KU shall file revised DSMRC tariffs that show the date issued and that they were issued by authority of this Order.

Done at Frankfort, Kentucky, this 16th day of December, 2002.

By the Commission

ATTEST:


Executive Director